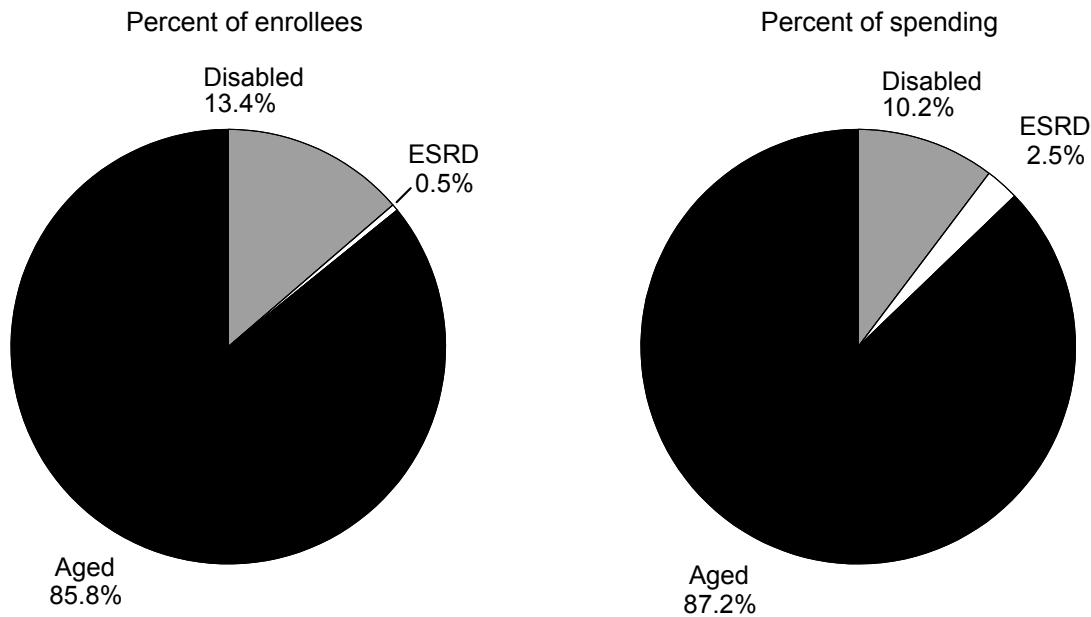


S E C T I O N

1

Medicare beneficiary demographics

Chart 1-1. Aged beneficiaries account for the greatest share of the Medicare population and program spending, 2002

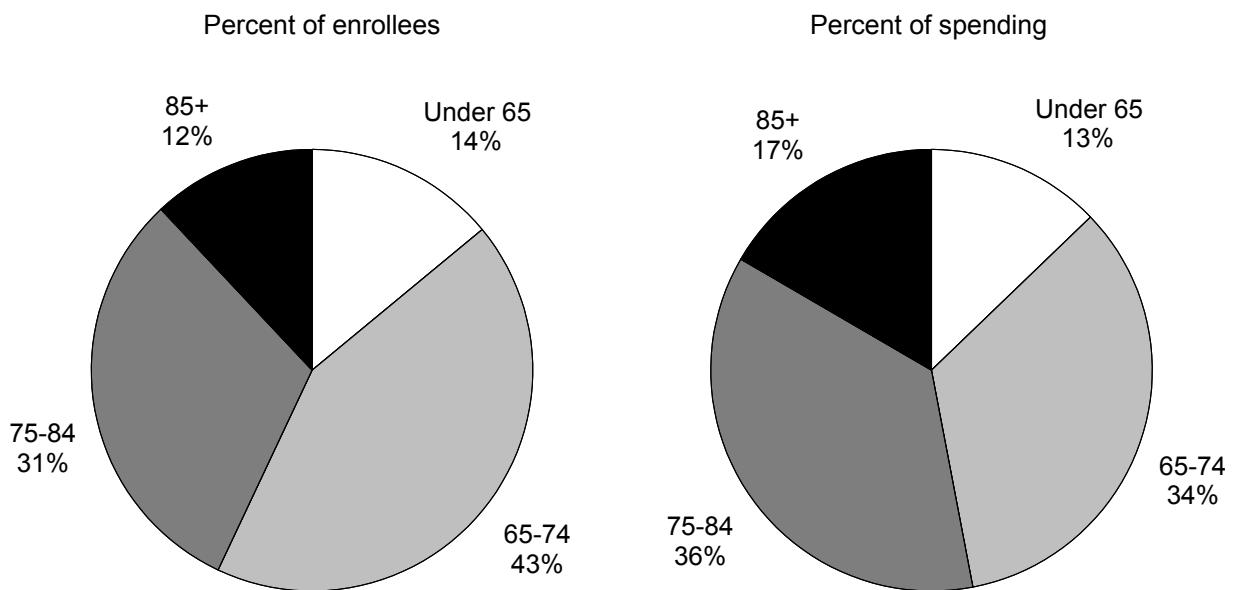


Note: ESRD (end-stage renal disease) refers to beneficiaries under age 65 with ESRD. The disabled category refers to beneficiaries under age 65 without ESRD. The aged category refers to beneficiaries age 65 and older. Totals may not sum to 100 due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2002.

- Reflecting their greater share of the Medicare population, the highest percentage of Medicare expenditures is for aged beneficiaries.
- A disproportionate share of Medicare expenditures is spent on Medicare beneficiaries who are eligible due to end-stage renal disease (ESRD). On average, ESRD beneficiaries cost at least five times as much as beneficiaries in other categories: \$6,211 is spent per aged beneficiary, \$4,751 per (non-ESRD) disabled beneficiary, and \$34,709 per ESRD beneficiary. On average, Medicare spending per beneficiary is \$6,301.

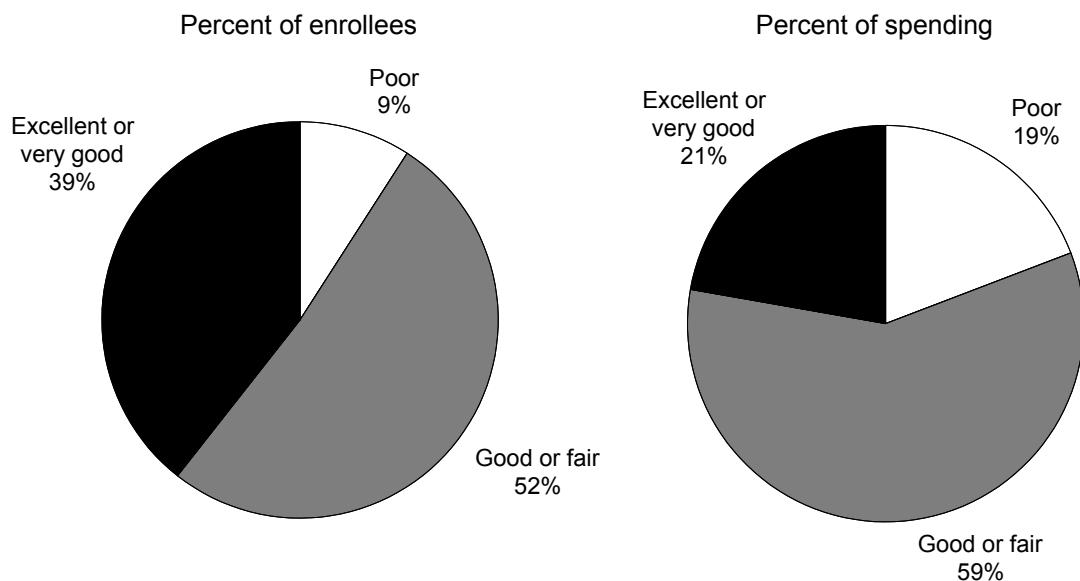
Chart 1-2. Medicare spending rises as beneficiaries age, 2002



Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2002.

- Per capita expenditures increased by about \$2,000 for each age group over 65: Per capita expenditures were \$5,008 for those ages 65 to 74, \$7,322 for those 75 to 84, and \$9,053 for those 85 and older. Per capita expenditures for Medicare beneficiaries under age 65, enrolled due to disability (both end-stage renal disease and non-ESRD), were \$5,730. On average, Medicare spending per beneficiary was \$6,301.
- Much of the spending is concentrated in each age group among people with chronic conditions and those who die.

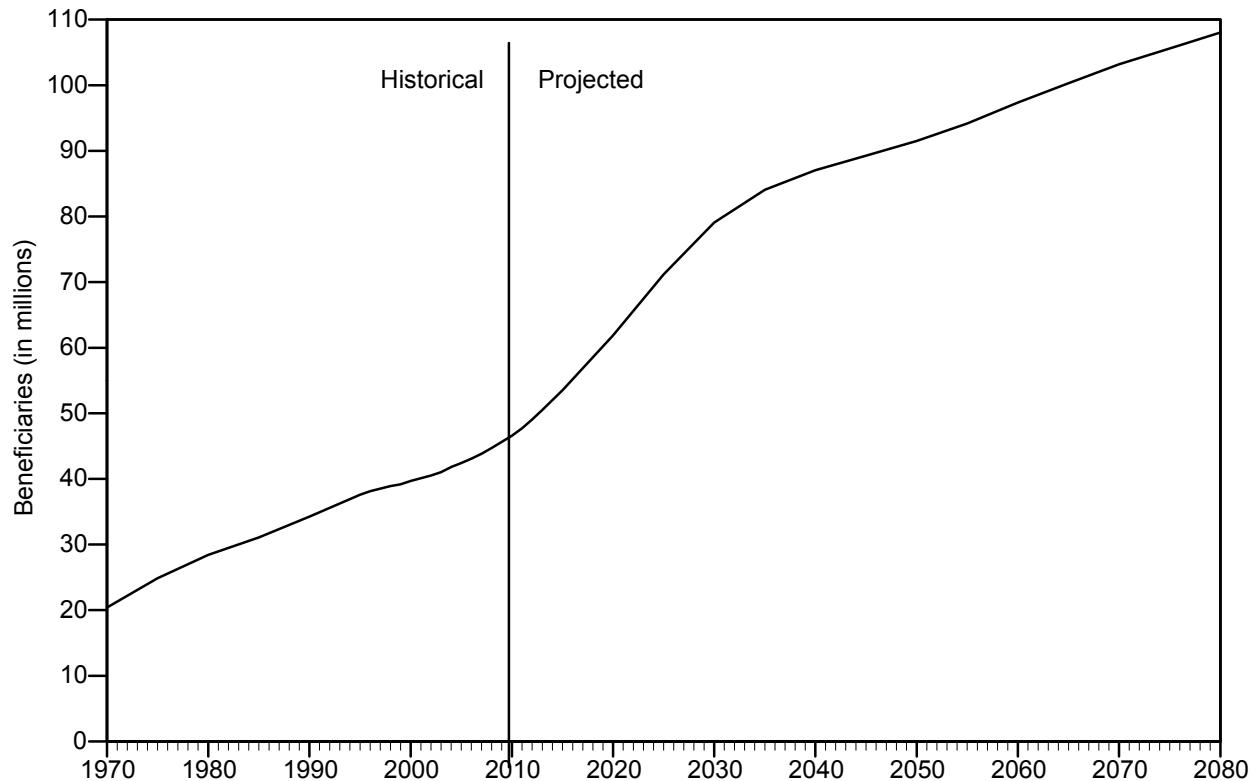
Chart 1-3. Beneficiaries who report being in poor health account for a disproportionate share of Medicare spending, 2002



Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2002. Totals may not sum to 100 due to rounding.

- Most beneficiaries report relatively good health. Less than 10 percent report poor health.
- Medicare spending is strongly associated with self-reported health status. Per capita expenditures for those with excellent health are \$3,502; \$7,109 for those with good or fair health; and \$13,099 for those with poor health. On average, Medicare spending per beneficiary is \$6,301.

Chart 1-4. Enrollment in the Medicare program is projected to grow fastest in the next 30 years



Source: MedPAC analysis of the Social Security Administration 2004 Trustees Report, Intermediate Assumptions.

- The total number of people enrolled in the Medicare program will nearly double between 2000 and 2030, from about 40 million to 79 million beneficiaries.
- The rate of increase in Medicare enrollment accelerates around 2010 when members of the “baby boom” generation start to become eligible and slows around 2030 when the entire baby boom generation has become eligible.

Chart 1-5. Characteristics of the Medicare population, 2002

Characteristic	Percent of the Medicare population	Characteristic	Percent of the Medicare population
Total (41,808,391*)	100%		
Sex		Education	
Male	44	No high school diploma	31%
Female	56	High school diploma only	29
		Some college or more	38
Race/ethnicity		Income status	
White, non-Hispanic	79	Below poverty	17
African American, non-Hispanic	9	100–125% of poverty	9
Hispanic	7	125–200% of poverty	20
Other	4	200–400% of poverty	30
		Over 400% of poverty	23
Age		Supplemental insurance status	
< 65	14	Medicare only	10
65–74	43	Managed care	13
75–84	31	Employer	32
85+	12	Medigap	22
Health status		Medigap/employer	4
Excellent or very good	39	Medicaid	16
Good or fair	51	Other	2
Poor	9		
Residence			
Urban	76		
Rural	24		
Living arrangement			
Institution	6		
Alone	29		
Spouse	49		
Other	16		

Note: Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2002, poverty was defined as \$8,628 for people living alone and as \$10,885 for married couples. Totals may not sum to 100 due to rounding.

*Based on a representative sample of the Medicare population.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2002.

- The Medicare population tends to be female, white, between the ages of 65 and 84, in good or fair health, and living with a spouse. Most beneficiaries live in urban areas, have graduated from high school, and have some form of supplemental insurance coverage. Half have incomes under 200 percent of poverty.

Chart 1-6. Characteristics of the Medicare population, by rural and urban residence, 2002

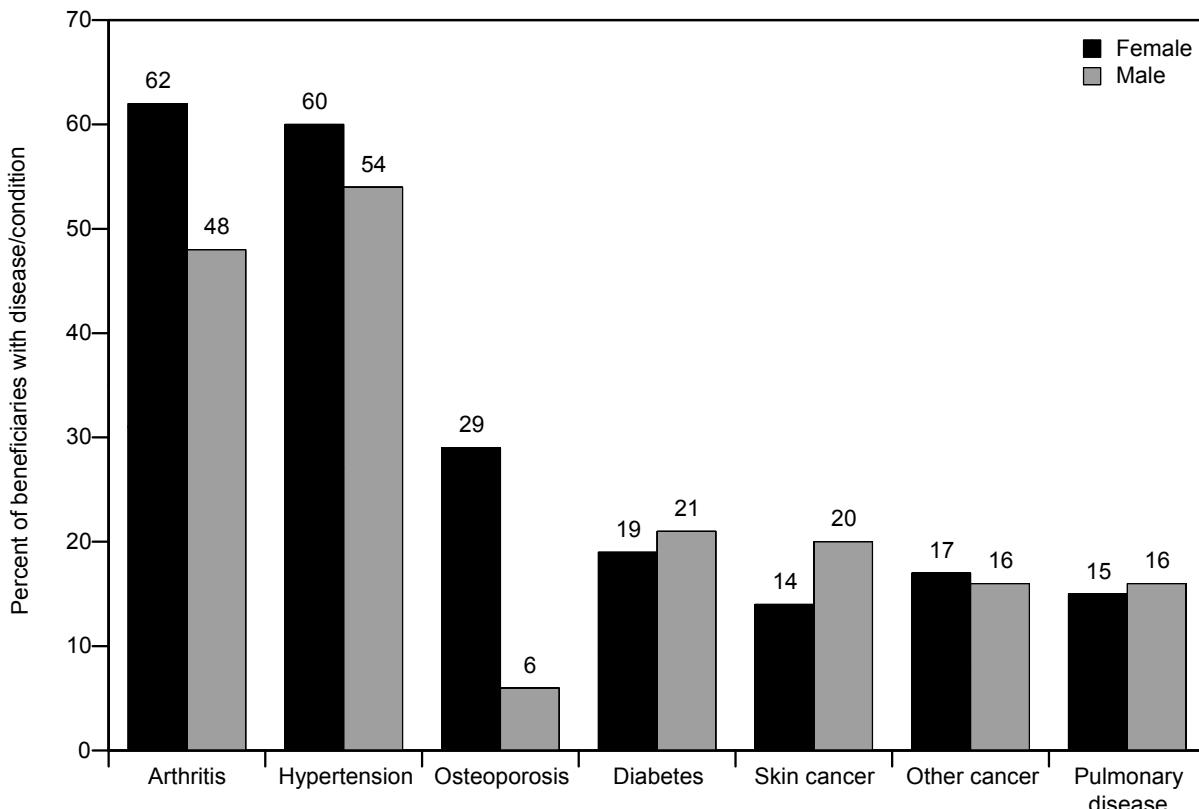
Characteristic	Percent of urban Medicare population	Percent of rural Medicare population
Total	100%	100%
Urban 76%		
Rural 24%		
Sex		
Male	44	45
Female	56	55
Race/ethnicity		
White, non-Hispanic	77	86
African American, non-Hispanic	10	7
Hispanic	9	3
Other	4	4
Age		
< 65	14	15
65–74	43	44
75–84	32	30
85+	12	11
Health status		
Excellent or very good	40	37
Good or fair	52	51
Poor	8	13
Income status		
Below poverty	16	20
100–125% of poverty	9	11
125–200% of poverty	20	22
200–400% of poverty	30	29
Over 400% of poverty	25	18

Note: Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2002, poverty was defined as \$8,628 for people living alone and as \$10,885 for married couples. Totals may not sum to 100 due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2002.

- Close to one-fourth of all beneficiaries reside in rural areas.
- Rural Medicare beneficiaries are more likely to be white (86 vs. 77 percent), to report being in poor health (13 vs. 8 percent), and to have income below 125 percent of poverty (31 vs. 25 percent), compared to urban beneficiaries.

Chart 1-7. Arthritis and hypertension are the most common diseases reported by Medicare beneficiaries, 2002



Source: CMS, Office of Research, Development, and Information.

- Arthritis, hypertension, osteoporosis, diabetes, and pulmonary disease are among the most prevalent chronic conditions reported by Medicare beneficiaries.
- Female beneficiaries live longer, and the risk of chronic disease increases with age. Female beneficiaries are more likely than male beneficiaries to have arthritis, hypertension, or osteoporosis.

Web links. Medicare beneficiary demographics

- The CMS Chart series provides information on the Medicare program, including beneficiary demographics.

<http://www.cms.gov/charts>

- The CMS Data Compendium provides information on Medicare enrollment by state.

<http://www.cms.hhs.gov/researchers/pubs/datacompendium/current/>

- The CMS website provides information about the Medicare Current Beneficiary Survey, a resource on the demographic characteristics of Medicare beneficiaries.

<http://www.cms.hhs.gov/mcbs/default.asp>